

**DUNDEE FOOTBALL CLUB LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 MAY 1997**

**PANNELL KERR FORSTER**  
Chartered Accountants

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# DUNDEE FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

<b>Directors</b>	J M Marr P Marr D Souter
<b>Secretary</b>	R Robertson
<b>Company Number</b>	4585
<b>Registered Office</b>	Dens Park Stadium Sandeman Street Dundee DD3 1JY
<b>Auditors</b>	Pannell Kerr Forster Chartered Accountants 78 Carlton Place Glasgow G5 9TH
<b>Solicitors</b>	MacRoberts 152 Bath Street Glasgow G2 4TB
<b>Bankers</b>	Royal Bank of Scotland Dundee Commercial Centre Unit A Gateway East Technology Park Dundee DD2 1SW

# DUNDEE FOOTBALL CLUB LIMITED

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# DUNDEE FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT YEAR ENDED 31 MAY 1997

The directors submit their report and the financial statements for the year ended 31 May 1997.

### Results and dividends

The loss for the year, after taxation, amounted to £192,852 (1996 - £110,557 profit).

The directors do not recommend the payment of a dividend and it is proposed to transfer the retained loss to reserves.

### Principal activity and review of business

The principal activity of the company during the year continued to be the operation of a professional football club. The results for the year were disappointing although the directors believe that the changes in the board subsequent to the year end will provide the basis for improvements to be made to the future trading of the company. The directors are encouraged to note the promising start the club has made in football season 1997/98.

### Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary 10p shares	
	1997	1996
Malcolm Reid (resigned 1 August 1997)	233,544	233,544
John Black (resigned 1 August 1997)	9,200	26,700
Robert Hynd (resigned 1 August 1997)	3,829	3,829
Henry Leadingham (resigned 1 August 1997)	-	-

Ronald N Dixon resigned on 25 March 1997 and Nigel Squire resigned on 24 March 1997.

Subsequent to the takeover, details of which are given in note 21, James Marr and Peter Marr were appointed as directors. In addition, Derek Souter was appointed as a director on 26 September 1997.

### Auditors

Pannell Kerr Forster were appointed auditors after the year end and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



**P Marr**  
Director

26 September 1997

**DUNDEE FOOTBALL CLUB LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DUNDEE FOOTBALL CLUB LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on pages 7 to 8.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PANNELL KERR FORSTER**

Chartered Accountants  
Registered Auditors

Glasgow  
26 September 1997

**DUNDEE FOOTBALL CLUB LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MAY 1997**

	Notes	1997 £	1996 as restated £
<b>TURNOVER</b>	<b>2</b>	<b>867,330</b>	<b>1,032,168</b>
Administrative expenses		<b>(1,489,083)</b>	<b>(1,204,983)</b>
		<u><b>(621,753)</b></u>	<u><b>(172,815)</b></u>
Amortisation of player registrations		<b>(37,368)</b>	<b>(112,046)</b>
Net gain on sale of player registrations		<b>508,577</b>	<b>395,559</b>
		<u><b>(150,544)</b></u>	<u><b>110,698</b></u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(150,544)</b>	<b>110,698</b>
(Loss)/profit on disposal of fixed assets		<b>(27,734)</b>	<b>3,738</b>
		<u><b>(178,278)</b></u>	<u><b>114,436</b></u>
Interest receivable and similar items		<b>386</b>	<b>-</b>
Interest payable and similar items	<b>6</b>	<b>(14,960)</b>	<b>(3,879)</b>
		<u><b>(192,852)</b></u>	<u><b>110,557</b></u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(192,852)</b>	<b>110,557</b>
<b>TAXATION</b>		<b>-</b>	<b>-</b>
		<u><b>(192,852)</b></u>	<u><b>110,557</b></u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(192,852)</b></u>	<u><b>110,557</b></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

**DUNDEE FOOTBALL CLUB LIMITED**  
**BALANCE SHEET**  
**31 MAY 1997**

	Notes	1997 £	1996 as restated £
<b>FIXED ASSETS</b>			
Intangible	7	253,703	483,694
Tangible	8	5,169,546	5,217,280
		<u>5,423,249</u>	<u>5,700,974</u>
<b>CURRENT ASSETS</b>			
Stocks	9	6,000	6,000
Debtors	10	347,277	45,003
Cash at bank and in hand		6,981	88
		<u>360,258</u>	<u>51,091</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,437,277)</u>	<u>(771,037)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,077,019)</u>	<u>(719,946)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,346,230</u>	<u>4,981,028</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(3,426)</u>	<u>(447,556)</u>
<b>NET ASSETS</b>		<u><u>4,342,804</u></u>	<u><u>4,533,472</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	576,922	576,558
Share premium account		1,384,921	1,383,101
Revaluation reserve		3,154,362	3,154,362
Profit and loss account	15	(773,401)	(580,549)
<b>SHAREHOLDERS' FUNDS</b>	16	<u><u>4,342,804</u></u>	<u><u>4,533,472</u></u>

The financial statements were approved by the board on 26 September 1997

Signed on behalf of the board of directors

J M Marr



Director

P Marr



Director



**DUNDEE FOOTBALL CLUB LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 MAY 1997**

	1997	1996 as restated
	£	£
<b>Reconciliation of operating (loss)/ profit to net cash (outflow)/inflow from operating activities</b>		
Operating (loss)/profit	(150,544)	110,698
Amortisation of player registrations	37,368	112,046
Depreciation of tangible fixed assets	48,207	46,271
(Increase)/decrease in debtors	(68,524)	720,608
Increase in creditors	246,120	5,202
Gain on sale of player registrations	(508,577)	(395,559)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(395,950)</u>	<u>599,266</u>
<b>CASH FLOW STATEMENT (note 17)</b>		
Net cash (outflow)/inflow from operating activities	(395,950)	599,266
Returns on investments and servicing of finance	(14,574)	(3,879)
Capital expenditure	439,243	303,069
<b>Cash inflow before financing</b>	<u>28,719</u>	<u>898,456</u>
Financing	(21,826)	(910,093)
<b>Increase/(decrease) in cash</b>	<u>6,893</u>	<u>(11,637)</u>
<b>Reconciliation of net cash flow to movement in net debt (note 18)</b>		
Increase/(decrease) in cash in the period	6,893	(11,637)
Cash outflow from decrease in debt and finance leases	24,010	912,420
<b>Change in net debt</b>	<u>30,903</u>	<u>900,783</u>
Net debt at 1 June 1996	(451,834)	(1,352,617)
<b>Net debt at 31 May 1997</b>	<u>(420,931)</u>	<u>(451,834)</u>

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings.

**(b) Turnover**

Turnover, which is exclusive of value added tax, represents match receipts and other income associated with the principal activity of running a professional football club.

**(c) Player registrations**

The costs associated with the acquisition of players are capitalised and treated as intangible fixed assets. After allowing for an appropriate residual value these amounts are amortised over the contract period. Residual values are assessed on an annual basis and any provision for permanent diminution in value made accordingly.

**(d) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, machinery, fixtures, fittings & equipment	10 % straight line
Motor vehicles	25 % reducing balance

Following on from a revaluation in May 1990, further additions and improvements to the company's freehold land and buildings are capitalised at cost, less any grants received. It is the directors' policy to maintain the company's freehold land and buildings in such condition that their value is not diminished by the passage of time, the relevant expenditure being charged to the profit and loss account in the year in which it is incurred. Therefore no provision is required for depreciation as it is considered by the directors to be immaterial.

**(e) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(f) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and represents purchase price. Net realisable value is based on estimated selling price allowing for all further costs of disposal.

**(g) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**(h) Prior year adjustment - accounting policy change**

The accounting treatment of the costs associated with the acquisition of players noted above, represents a change of policy from last year when these costs were written off as incurred and proceeds on disposal of players were credited direct to profit and loss account. The effect of this change was to amend the results for the year ended 31 May 1996 from a loss of £172,956 to a profit of £110,557, and to amend the results for the year ended 31 May 1997 from a profit of £37,139 to a loss of £192,852. The balance sheet effect of this change was to increase the net assets at 31 May 1996 from £4,049,778 to £4,533,472, and at 31 May 1997 from £4,089,101 to £4,342,804.

The above change has been made to provide a fairer presentation of trading performance and the financial position of the company.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**3 OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	1997	1996
	£	£
Amortisation of intangible assets	37,368	112,046
Depreciation of tangible fixed assets:		
- owned by the company	44,754	41,003
- held under finance lease or hire purchase contracts	3,453	5,268
Audit fees	6,250	5,000
Auditors' remuneration - non-audit services	1,400	5,800
Exceptional items:		
Settlement in respect of legal action	174,441	-
Settlement in respect of PAYE, NIC and VAT	100,000	53,800
	<u>174,441</u>	<u>53,800</u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	1997	1996
	£	£
Directors' emoluments	30,000	12,500
	<u>30,000</u>	<u>12,500</u>

No directors (1996 - none) were members of company pension schemes.

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**5 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	1997	1996
	£	£
Wages and salaries	838,015	759,007
Social security costs	76,848	69,551
	<u>914,863</u>	<u>828,558</u>

The average weekly number of employees, including executive directors, during the year was:

	No.	No.
Full time players, staff and directors	51	44
Part time staff	85	75
	<u>136</u>	<u>119</u>

**6 INTEREST PAYABLE AND SIMILAR ITEMS**

	1997	1996
	£	£
Other interest	<u>14,960</u>	<u>3,879</u>

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**7 INTANGIBLE FIXED ASSETS**

	<b>Player Registrations £</b>
<b>Cost</b>	
At 1 June 1996	1,105,200
Additions	95,800
Disposals	(484,700)
	<hr/>
At 31 May 1997	716,300 <hr/>
 <b>Amortisation</b>	
At 1 June 1996	621,506
Charge for the year	37,368
On disposals	(196,277)
	<hr/>
At 31 May 1997	462,597 <hr/>
 <b>Net book amount</b>	
At 31 May 1997	253,703 <hr/>
At 31 May 1996	483,694 <hr/> <hr/>

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**8 TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	Plant & machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>				
At 1 June 1996	4,946,948	253,577	183,893	5,384,418
Additions	-	27,118	1,089	28,207
Disposals	-	(32,768)	-	(32,768)
At 31 May 1997	4,946,948	247,927	184,982	5,379,857
<b>Depreciation</b>				
At 1 June 1996	-	39,088	128,050	167,138
Charge for year	-	29,708	18,499	48,207
On disposals	-	(5,034)	-	(5,034)
At 31 May 1997	-	63,762	146,549	210,311
<b>Net book amount</b>				
At 31 May 1997	4,946,948	184,165	38,433	5,169,546
At 31 May 1996	4,946,948	214,489	55,843	5,217,280

The net book amounts of plant and machinery above include £7,031 (1996 - £15,837) in respect of assets held under finance leases or hire purchase contracts.

Included in the freehold land and buildings are land and buildings at Dens Park Stadium. The stadium was independently surveyed and valued by O'Neill East Limited, Chartered Surveyors at 31 May 1990. Their valuation of the stadium on a depreciated replacement cost basis, but subject to the directors of the company being satisfied as to the adequacy of the company's potential profitability, was £4,100,000.

On the historical cost basis, freehold land and buildings would have been included as follows:

	1997 £	1996 £
Cost	1,792,586	1,792,586

**9 STOCKS**

	1997 £	1996 £
Raw materials	6,000	6,000

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**10 DEBTORS**

	1997	1996
	£	£
<b>Due within one year</b>		
Trade debtors	240,178	16,050
Other debtors	50,000	-
Prepayments & accrued income	57,099	28,953
	<u>347,277</u>	<u>45,003</u>

**11 CREDITORS:**

**Amounts falling due within one year**

	1997	1996
	£	£
Trade creditors	126,345	170,526
Amounts owed to related undertakings	658,889	124,136
Other tax and social security	257,272	269,217
Net obligations under finance lease and hire purchase contracts (note 13)	2,938	4,366
Other creditors	66,000	61,172
Accruals and deferred income	325,833	141,620
	<u>1,437,277</u>	<u>771,037</u>

The amounts owed to related undertakings include £421,548 which is secured by a standard security over the freehold land and buildings of Dens Park Stadium, and by a bond and floating charge for all sums and monies due over the whole property and undertaking of the company.

**12 CREDITORS:**

**Amounts falling due after more than one year**

	1997	1996
	£	£
Amounts owed to related undertakings	-	441,191
Net obligations under finance lease and hire purchase contracts (note 13)	3,426	6,365
	<u>3,426</u>	<u>447,556</u>

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**13 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	1997	1996
	£	£
Within one year	2,938	4,366
Between one and five years	3,426	6,365
	<u>6,364</u>	<u>10,731</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

**14 SHARE CAPITAL**

	Authorised	Allotted, called up and fully paid	
	£	No.	£
At 1 June 1996			
Ordinary shares of 10p each	1,000,000	5,765,580	576,558
Movements in year:			
Ordinary shares of 10p each	-	3,640	364
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 May 1997			
Ordinary shares of 10p each	1,000,000	5,769,220	576,922
	<u>          </u>	<u>          </u>	<u>          </u>

During the year 3,640 ordinary shares with an aggregate nominal value of £364 were issued at 60p per share and the premium of 50p per each new share issued has been credited to a share premium account.

**15 RESERVES**

<b>Share premium account</b>	<b>£</b>
At 1 June 1996	1,383,101
Premium on shares issued during the year	1,820
	<u>1,384,921</u>
At 31 May 1997	<u>1,384,921</u>
<b>Profit and loss account</b>	<b>£</b>
At 1 June 1996 as previously reported	(1,064,304)
Prior period adjustment	483,755
	<u>(580,549)</u>
At 1 June 1996 as restated	(580,549)
Loss for the year	(192,852)
	<u>(773,401)</u>
At 31 May 1997	<u>(773,401)</u>



**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**16 SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Shareholders' funds at 1 June 1996	4,533,472	4,420,588
originally £4,049,778 (1996 £7,746,407) before adding prior period adjustment of £483,694 (1996 deducting £3,325,819)		
(Loss)/profit for the year	(192,852)	110,557
Other movement:		
New shares issued	2,184	2,327
Shareholders' funds at 31 May 1997	<u>4,342,804</u>	<u>4,533,472</u>

**17 GROSS CASH FLOWS**

	1997 £	1996 £
<b>Returns on investments and servicing of finance</b>		
Interest received	386	-
Interest paid	(14,960)	(3,879)
	<u>(14,574)</u>	<u>(3,879)</u>
 <b>Capital expenditure</b>		
Payments to acquire player registrations	(95,800)	(158,000)
Payments to acquire tangible fixed assets	(28,207)	(231,976)
Receipts from sales of player registrations	563,250	617,000
Receipts from sales of tangible fixed assets	-	76,045
	<u>439,243</u>	<u>303,069</u>
 <b>Financing</b>		
Issue of share capital	2,184	2,327
Loans repaid	(19,643)	(912,420)
Capital element of finance lease rentals	(4,367)	-
	<u>(21,826)</u>	<u>(910,093)</u>

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**18 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 June 1996 £	Cash flows £	Other changes £	At 31 May 1997 £
Cash at bank and in hand	88	6,893	-	6,981
Debt due within 1 year	-	-	(421,548)	421,548
Debt due after 1 year	(441,191)	19,643	421,548	-
Finance leases	(10,731)	4,367	-	(6,364)
Total	<u>(451,834)</u>	<u>30,903</u>	<u>-</u>	<u>(420,931)</u>

**19 CONTINGENT LIABILITIES**

The company has raised an action in the Court of Session against BBC Radio Scotland and others. The directors have not provided for the legal costs to date on the basis that they expect these will be recoverable in full.

**20 TRANSACTIONS WITH RELATED PARTIES**

The company received loans from Continental Commercial Systems Corporation and Dundee Leisure Limited, undertakings in which Ronald Dixon had controlling interests. The balances on these loans at the start of the year were £441,191 and £124,136 respectively, and at the end of the year were £421,548 and £237,341 respectively. Neither of these loans was interest bearing and they were repaid after the year end.

During the year the company purchased equipment from Continental Commercial Systems Corporation amounting to £27,118.

**21 POST BALANCE SHEET EVENTS**

On 17 June 1997 Macrocom (399) Limited, a wholly-owned subsidiary of Tayside Taverns Limited, acquired 73.3% of the issued share capital of Dundee Football Club Limited for £591,111. After an offer to minority shareholders, Macrocom (399) Limited now owns 89.1% of the issued share capital.

As part of the acquisition agreement, Tayside Taverns Limited guaranteed bank borrowings of £660,000 by Dundee Football Club Limited to enable Dundee to settle the loans referred to in note 20 above.

**22 COMPARATIVE FIGURES**

The 1996 reported figures have been restated as the directors believe that the restated amounts provide a clearer understanding of the company's results.

**DUNDEE FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 1997**

**23 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

During the year the immediate parent undertaking was Continental Sports Corporation Limited (registered in Scotland) and the ultimate parent undertaking was Continental Sports Corporation Limited (registered in Guernsey). The controlling party was Ronald Dixon. Subsequent to the year end the immediate parent undertaking became Macrocom (399) Limited and the ultimate parent undertaking became Tayside Taverns Limited; both these companies are registered in Scotland.